

7.11.00.00 - OUTDOOR ADVERTISING SIGNS

7.11.01.00 Valuation

- A. Signs owned by grantors or occupants, located on a subject property, and identifying or advertising the business or activity conducted on that property (known as on-premise signs) will be valued on the Appraisal Page under "Improvements" at depreciated value in place. If relocation of such signs is feasible, the relocation costs may be shown in parentheses for information purposes, or may be included on Alternate Appraisal Pages.

Grantor or occupant-owned business signs located off the subject parcel may be subject to severance damages.

- B. Signs owned by outdoor advertising companies will be valued by use of payment Schedules A, B, C, D, E, G, and H (Exhibit 7-EX-14). This valuation will be shown on the Summary of Outdoor Advertising Structures, Form RW 7-8. If the outdoor advertising company refuses the schedule, the signboard structure will be appraised as an improvement. See Section 7.11.05.00.

7.11.02.00 Definitions

- A. On-Premise Sign - A sign identifying or advertising the business or activity conducted on the property where the sign is located.
- B. Off-Premise Sign - All outdoor advertising signs other than on-premise signs.
- C. Poster Panel - A structure designed to support a flat surface of 300 square feet upon which printed advertising or other messages are pasted to the panel built on one or more posts imbedded in the ground or attached to the wall of a building.
- D. Back-To-Back Poster Panel - A structure designed to support two or more flat surfaces of 300 square feet built on one or more posts imbedded in the ground.

Printed advertising or other messages are pasted to the panels.

- E. Roof Poster Panel - A Poster Panel built on one or more posts imbedded into the roof of a building. Each flat surface supported by such post(s) is a separate Roof Poster Panel.
- F. 8-Sheet Poster Panel - A structure designed to support a flat surface of 72 square feet upon which printed advertising or other messages are pasted to the panel, built on one or more posts embedded in the ground.
- G. Offset Sign - A sign constructed so that the advertising surface is supported upon horizontal members not less than 2 feet in length, and these members are joined to vertical posts imbedded into the ground.
- H. Special Build - Any sign not covered under Schedule A, D, E, F, G, or H. Usually this type of structure is on one post imbedded in the ground and utilizes torque bar construction.
- I. Urban Rotate - Painted bulletins which always have full illumination and the advertising facing sections are in modular form, designed and constructed to be moved from one structure to another on a periodic basis. The standard size is 14' x 48', but they are often larger and may have special embellishment features, such as cutouts, special lighting effects, freestanding letters, neon and space extensions to cover the advertisement of a specific product. The structures are usually steel and always have two back decks designed and constructed to State and local safety standards so that working crews can have easy and safe access to the back of the facing sections during the rotation process. They are generally found in urban areas in the more desirable locations at points of maximum advertising exposure. Their advertising message is most often of a national product or of regional interest.

- J. Painted Bulletin - A structure designed to support one or more flat surfaces upon which at least one advertising or other message is painted in whole or substantial part, built on one or more posts imbedded into the ground or attached to the wall or roof of a building.
- K. Wood Sign - A sign with wood posts.
- L. Steel Sign - A sign with steel posts.
- M. Illuminated Sign - A sign with attached lighting fixtures to make the advertising message visible at night.
- N. Outdoor Advertising Company - This refers to any business or individual who erects or maintains an outdoor advertising display.
- O. Professional Signs - Well constructed signs with quality materials and workmanship evidenced throughout, providing a uniform appearance and extended physical life with minimum necessary maintenance. The advertising message is normally professionally lettered.

Schedules A, B, C, D, E, G, and H should be utilized for signs in this classification.

- P. Miscellaneous Signs - Signs normally built with minimum quality and amounts of material and may be characterized by "do it yourself" workmanship. This type of construction tends to shorten physical life and increase the necessity for maintenance over the life of the sign. In many instances, the advertising message is of a nonprofessional type and advertises the sign owner's business.

Signs in this classification should be valued by the use of Schedule F.

7.11.03.00 Process

- A. When starting an appraisal that includes outdoor advertising signs, the appraiser will take the following steps:
 - 1. Send a request to the Region/District Outdoor Advertising Coordinator for determination of the legality of the

sign and feasibility of relocation. Use Exhibit 7-EX-11 as a format.

- 2. When Schedule B is utilized for a special build, send a letter to the sign company requesting the information required on Exhibit 7-EX-12.
- B. If a sign may be relocated pursuant to Business and Professions Code Section 5412 or 5443.5 or onto the grantor's remaining property, the relocation payment should be determined as follows:
 - 1. Poster Panel - Use Schedule C.
 - 2. Special Builds, Painted Bulletins or Urban Rotate Bulletins:
 - a. Obtain an estimate from the sign company by use of Exhibit 7-EX-13, or
 - b. Obtain an estimate from the Region/District Building Cost Estimator, or
 - c. Obtain estimates from at least two sign companies other than the company that owns the sign to be relocated.
- C. For each structure, show the average height of the bottom of the sign panel above the ground (HAGL) on the Outdoor Advertising Structures Page. A close-up photograph of each sign will be included.
- D. The photographs shall be placed in the Appraisal Report immediately following the Summary Page.
- E. The appraisal must include the results of the legality and relocation determination from the Region/District Outdoor Advertising Coordinator. When a sign may be relocated, the relocation cost will be shown with the removal (i.e., purchase) cost shown in parentheses. If it is necessary to receive information from the sign company to complete the valuation and it is not available by the time the Appraisal Report is ready for completion, the sign will be listed in the "Summary" with the valuation space showing "N.A."

The Remarks section should state when the letter was sent to the sign company.

- F. Signs within the existing right of way are not entitled to payment but will be listed in the Summary of Outdoor Advertising Signs at a zero value.
- G. Signs located on property under the Williamson Act (Government Code Sections 51200-51295) contract as an agricultural preserve may or may not be compensable, depending primarily on when they were erected.
1. A structure erected on property after the land is placed in an agricultural preserve is illegal and payment must not be made for its removal. Removal of such structure should be enforced by the county or the local entity as a party to the Williamson Act contract. It will be listed on the Summary Page.
 2. Property placed in an agricultural preserve with an existing structure in place.

Generally, the Surface Transportation Act of 1978 requires payment for the removal of any structure located adjacent to an Interstate or Primary highway, if it was legally placed prior to November 6, 1978. Not all aspects of the compensation provisions are clear. These payment provisions do not apply to structures located adjacent to highways not included in the Interstate or Primary systems. The Region/District should seek advice from the Legal Division prior to proceeding with the appraisal and acquisition of signs in these locations.

7.11.04.00 **Payment Schedules/Application Renewal Permit Fees**

The sign payment schedules (see Exhibit 7-EX-14) are to be used as follows:

- Schedule A - Payment Schedule for Poster Panel Removal (straight or offset single and double plus rooftop).
- Schedule B - Payment for "Special Build" removal and relocation of "Special Builds," Painted Bulletins (Professional and

Miscellaneous), and Urban "Rotate" Bulletins based on sign owner cost claims.

- Schedule C - Payment Schedule for Relocating Poster Panels onto Adjacent Property or pursuant to Business and Professions Code 5412 or 5443.5.
- Schedule D - Payment Schedule for Urban "Rotate" Bulletin Removal. Painted Bulletins that do not fall under the definition of an Urban "Rotate" should be covered by Schedules B, E, or F.
- Schedule E - Payment Schedule for the removal of Painted Bulletins in the "Professional" category.

This schedule is to provide a basis for payments in lieu of appraisals or cost claims (Schedule B) for painted bulletins not falling under the definition of Rotate Bulletin (Schedule D) or "Miscellaneous" Sign (Schedule F).

- Schedule F - Payment Schedule for "Miscellaneous" Sign Removal.
- Schedule G - Payment Schedule for 8-Sheet Poster Panel Removal.
- Schedule H - Payment Schedule for Relocating 8-Sheet Poster Panels onto Adjacent Property or pursuant to Business and Professions Code 5412 or 5443.5.

7.11.05.00 **Appraisal Procedures for Outdoor Advertising Signs**

If the schedule is not used, the valuation of the real property, including the sign structure, will follow normal appraisal practice and must adhere to the Uniform Act and applicable statutes. The following items must be considered when appraising a sign structure:

- The sign will be considered an improvement and will be analyzed as a primary or secondary use in appraising the value of the land as consistent with its highest and best use.
- Only cost information and that market and income data attributable solely to the real estate should be considered. Using this real-estate-

only data, accepted real-estate-valuation methods should be used to the extent necessary and possible to value the land and improvements. Since data can be difficult to obtain, the cost approach may be of primary importance.

- If the fair market rent of the structure as real estate, in contrast to advertising business income, can be determined, that income may be processed to an indicated value or be reconciled with one or both of the other approaches.
- Sign structures will be appraised at the amount they contribute to the fair market value of the real property. The value of the structure will be shown on the RW 7-9 as an improvement at its value in place and included as part of the total value for the parcel. Tenant-owned sign structures will be indicated as such.
- Even though a sign structure alone may not represent the highest and best use of a site as though vacant, it may still have value. If the sign is located on the site in such a manner as to not interfere with development of the site to its highest and best use, it remains an economically viable asset.
- In considering the sales comparison approach, the Appraiser should make a reasonable search for comparable sales that included a sign structure considered as realty.
- The application of multipliers to the advertising income is not proper in arriving at the value contributed to the property by the sign structure. Advertising revenues are to be distinguished from the economic rent for land and improvements.
- The ground lease to the outdoor advertising company will generally add value to the fee. If the contract rent is less than the market rent, the outdoor advertising company may have a bonus value in the lease. The ground lease should be thoroughly reviewed to ensure a complete understanding of what it covers.
- As with any tenant business, the sign company compensation is provided for in the payment for the land and improvements or in the payment for compensable loss of goodwill.
- Each sign company should be advised of its right to claim a loss of goodwill due to the taking, and the fact noted in the diary sheet. If a claim and tax returns are filed, the business aspect and loss of goodwill, if any, can be determined by a goodwill appraisal.